

## Message Text

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42

ACTION EA-09

INFO OCT-01 ISO-00 XMB-04 EUR-12 ERDA-07 AID-05 CEA-01

CIAE-00 CIEP-02 COME-00 DODE-00 EB-07 FEAE-00 FPC-01

H-02 INR-07 INT-05 L-03 NSAE-00 NSC-05 OMB-01 PM-04

USIA-15 SAM-01 OES-05 SP-02 SS-15 STR-04 TRSE-00 PA-02

PRS-01 OPIC-06 NRC-07 ACDA-10 /144 W  
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R 120916Z FEB 76

FM AMEMBASSY MANILA

TO SECSTATE WASHDC 2096

UNCLAS MANILA 2172

PASS EXIMBANK

E.O. 11652: NA

TAGS: ENRG, RP

SUBJECT: PHILIPPINES CONTRACTS WESTINGHOUSE FOR FIRST NUCLEAR  
POWER PLAN

1. THE NUCLEAR POWER CONTRACT WAS SIGNED ON FEBRUARY 9 BY  
THE NATIONAL POWER CORPORATION (GENERAL MANAGER DEL ROSARIO)  
AND WESTINGHOUSE (THOMAS KEOGH, MANAGER OF BUSINESS DEVELOPMENT,  
POWER SYSTEMS DIVISION).

2. PRESIDENT MARCOS PRESIDED OVER A MORE FORMAL CEREMONY  
ON FEBRUARY 11 AT MALACANANG ATTENDED BY AMBASSADOR SULLIVAN  
AND GORDON HURLBERT, PRESIDENT OF WESTINGHOUSE POWER  
SYSTEMS CO. THIS EVEN WAS GIVEN FULL AND HIGHLY POSITIVE  
MEDIA TREATMENT; FEBRUARY 11 AND 12 TELEVISION NEWS GAVE  
IT PROMINENT COVERAGE, AND FEBRUARY 12 MANILA DAILIES  
ACCORDED THE SIGNING FRONT-PAGE TREATMENT.

3. BUSINESS DAY AND BULLETIN PRINTED EMBASSY PRESS RELEASE,  
WITH OTHER MEDIA USING DEPARTMENT OF PUBLIC INFORMATION  
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(DPI) RELEASE. EMBASSY RELEASE QUOTED AS FOLLOWS:

QUOTE: WESTINGHOUSE WILL BUILD FIRST  
PHILIPPINE NUCLEAR PLANT

PRESIDENT MARCOS PRESIDED YESTERDAY OVER THE CONTRACT SIGNING FOR THE PHILIPPINES' FIRST NUCLEAR-POWERED GENERATING PLANT. AT A WEDNESDAY MORNING CEREMONY IN MALACANANG, THE CONTRACT BETWEEN THE NATIONAL POWER CORPORATION AND WESTINGHOUSE CORPORATION WAS WITNESSED BY THE PRESIDENT AND MR. GORDON HULBERT, PRESIDENT OF WESTINGHOUSE POWER SYSTEMS CO. NPC WAS REPRESENTED BY CONRADO D. DEL ROSARIO, GENERAL MANAGER. ALSO PRESENT AT THE CEREMONY WERE GABRIEL ITCHON, DEPUTY GOVERNOR OF THE CENTRAL BANK AND SPECIAL PRESIDENTIAL ASSISTANT FOR THE NUCLEAR POWER PROJECT, AND WILLIAM H. SULLIVAN, UNITED STATES AMBASSADOR TO THE PHILIPPINES.

THE PROJECT WAS MADE POSSIBLE BY THE APPROVAL EARLIER THIS YEAR OF A LARGE PORTION OF THE FINANCING BY THE EXPORT-IMPORT BANK OF THE UNITED STATES. THE EXIMBANK HAS AGREED TO A DIRECT LOAN OF \$277.2 MILLION TO THE NPC. THIS WILL BE THE LARGEST SINGLE LOAN EVER MADE BY THE BANK. IN ADDITION, EXIMBANK WILL GUARANTEE \$367.4 MILLION OF COMMERCIAL LOANS FOR THE PROJECT. THIS SETS ANOTHER RECORD FOR EXIMBANK, SINCE THE TOTAL EXPOSURE TO THE PROJECT, \$644.4 MILLION, IS THE BANK'S LARGEST COMMITMENT TO ANY PROJECT ANYWHERE IN THE WORLD. THE REMAINDER OF THE FINANCING CONSISTS OF UNGUARANTEED COMMERCIAL LOANS AND AN EQUITY CONTRIBUTION BY NPC.

BY THE TERMS OF THE CONTRACT, WESTINGHOUSE WILL SUPPLY AND CONSTRUCT A 620 MEGAWATT NUCLEAR POWER STATION TO BE ESTABLISHED IN BATAAN. TOTAL COST OF THE PROJECT IS ESTIMATED AT \$1 BILLION. CONSTRUCTION IS EXPECTED TO START IN JULY OF THIS YEAR, AND THE PLANT IS PROJECTED TO BEGIN OPERATION BY JULY OF 1982. AT THAT TIME, IT WILL HAVE THE CAPACITY TO SUPPLY A LARGE PART OF THE POWER REQUIREMENTS OF CENTRAL LUZON. IT WILL BE A KEY COMPONENT IN FUTURE PHILIPPINE ECONOMIC GROWTH PLANS.

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IN HIS REMARKS AT THE CEREMONY, PRESIDENT MARCOS CITED THE EFFORTS OF THE PHILIPPINE GOVERNMENT TO ACHIEVE ENERGY SELF-SUFFICIENCY, AND THE IMPORTANCE OF THIS PROJECT AS AN ALTERNATIVE TO FOSSIL FUEL ENERGY SOURCES. HE ALSO EMPHASIZED THE SIZE OF THE PROJECT, AND THE FACT THAT UNITED STATES SUPPORT IN THE FORM OF EXPORT-IMPORT BANK FINANCING WAS CRUCIAL TO ITS FEASIBILITY. AMBASSADOR SULLIVAN COMMENTED THAT

EXIMBANK AND PRIVATE SECTOR PARTICIPATION IN THIS PROJECT INDICATED THE CONFIDENCE OF THE INTERNATIONAL BANKING COMMUNITY IN THE FINANCIAL SOUNDNESS OF THE PHILIPPINES. HE ALSO SAID THAT THE U.S. AGREES WITH THE WISDOM OF PHILIPPINE EFFORTS TO DEVELOP ALTERNATIVES TO FOSSIL FUEL ENERGY SOURCES. MR. HURLBERT IN HIS REMARKS COMMITTED THE BEST IN WESTINGHOUSE MANPOWER AND RESOURCES TO THIS FIRST NUCLEAR-POWERED REACTOR IN THE PHILIPPINES. END QUOTE

4. ADDITIONAL POINT COVERED IN THE DPI RELEASE AND PICKED UP BY AT LEAST ONE PAPER IS THAT THIS IS THE "FIRST UNIT", AND THAT A SECOND UNIT IS SCHEDULED FOR COMPLETION WITH 24 MONTHS OF THE FIRST. WESTINGHOUSE OFFICIALS CONFIRMED THAT GOP INTEREST IN A SECOND UNIT IS STRONG, AND THAT THE JAPANESE AND THE EUROPEANS ARE VERY INTERESTED IN SUPPLYING.

SULLIVAN

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## Message Attributes

**Automatic Decaptioning:** X  
**Capture Date:** 01 JAN 1994  
**Channel Indicators:** n/a  
**Current Classification:** UNCLASSIFIED  
**Concepts:** PRESS COMMENTS, CONTRACTS, NUCLEAR POWER PLANTS, CREDIT AGREEMENTS, REPRESENTATION AT CEREMONIES  
**Control Number:** n/a  
**Copy:** SINGLE  
**Draft Date:** 12 FEB 1976  
**Decaption Date:** 01 JAN 1960  
**Decaption Note:**  
**Disposition Action:** n/a  
**Disposition Approved on Date:**  
**Disposition Authority:** n/a  
**Disposition Case Number:** n/a  
**Disposition Comment:**  
**Disposition Date:** 01 JAN 1960  
**Disposition Event:**  
**Disposition History:** n/a  
**Disposition Reason:**  
**Disposition Remarks:**  
**Document Number:** 1976MANILA02172  
**Document Source:** CORE  
**Document Unique ID:** 00  
**Drafter:** n/a  
**Enclosure:** n/a  
**Executive Order:** N/A  
**Errors:** N/A  
**Film Number:** D760053-1001  
**From:** MANILA  
**Handling Restrictions:** n/a  
**Image Path:**  
**ISecure:** 1  
**Legacy Key:** link1976/newtext/t19760256/aaaabwnc.tel  
**Line Count:** 134  
**Locator:** TEXT ON-LINE, ON MICROFILM  
**Office:** ACTION EA  
**Original Classification:** UNCLASSIFIED  
**Original Handling Restrictions:** n/a  
**Original Previous Classification:** n/a  
**Original Previous Handling Restrictions:** n/a  
**Page Count:** 3  
**Previous Channel Indicators:** n/a  
**Previous Classification:** n/a  
**Previous Handling Restrictions:** n/a  
**Reference:** n/a  
**Review Action:** RELEASED, APPROVED  
**Review Authority:** housmasa  
**Review Comment:** n/a  
**Review Content Flags:**  
**Review Date:** 02 JUL 2004  
**Review Event:**  
**Review Exemptions:** n/a  
**Review History:** RELEASED <02 JUL 2004 by oatisao>; APPROVED <04 OCT 2004 by housmasa>  
**Review Markings:**

Margaret P. Grafeld  
Declassified/Released  
US Department of State  
EO Systematic Review  
04 MAY 2006

**Review Media Identifier:**  
**Review Referrals:** n/a  
**Review Release Date:** n/a  
**Review Release Event:** n/a  
**Review Transfer Date:**  
**Review Withdrawn Fields:** n/a  
**Secure:** OPEN  
**Status:** NATIVE  
**Subject:** PHILIPPINES CONTRACTS WESTINGHOUSE FOR FIRST NUCLEAR POWER PLAN  
**TAGS:** ENRG, RP, US, WESTINGHOUSE, XMB  
**To:** STATE  
**Type:** TE  
**Markings:** Margaret P. Grafeld Declassified/Released US Department of State EO Systematic Review 04 MAY 2006